



COMMERCE COMMITTEE- PUBLIC HEARING ON MARCH 10, 2016
TESTIMONY ON HOUSE BILL 5577 - AN ACT REQUIRING THE EVALUATION OF THE COSTS AND BENEFITS OF
ESTABLISHING CERTAIN COMMERCIAL GAMING WITHIN THE STATE OF CONNECTICUT
ALAN FELDMAN / MGM RESORTS INTERNATIONAL

Co-Chairs Representative Perone, Senator Hartley, and members of the Committee,

My name is Alan Feldman and I am Executive Vice President of Global Government and Industry Affairs for MGM Resorts International. Today I am here to offer testimony on House Bill 5577 - An Act Requiring the Evaluation of the Costs and Benefits of Establishing Certain Commercial Gaming Within the State of Connecticut. Thank you for the opportunity to speak with you today about this issue.

I am grateful to this committee for proposing this bill, and for demonstrating leadership in ensuring that any attempt by the State of Connecticut to create a new commercial gaming industry is done with the appropriate data and research. MGM supports HB 5577, as many unanswered questions remain about what the impact would be on the State if it authorizes commercial gaming for the first time.

I think it is important to start by being clear about what is proposed in Special Act 15-7. It is the promotion of a brand new commercial industry. It is not an "add-on" to the state's existing gaming operations that are conducted by sovereign nations on sovereign land and overseen by sovereign nation and federal regulatory agencies via the federal Indian Gaming Regulatory Act. The gaming contemplated by Special Act 15-7 is something entirely different: an industry that will be owned and managed by commercial entities and for which the State will need to establish and fund a new special regulatory structure that will oversee these gaming operations on a daily basis. Indeed, Massachusetts just spent the last 5 years developing its own commercial gaming industry with quite some effort and at quite some cost.

There are many matters that should be the subject of independent study by the State of Connecticut:

- What is the public policy objective of a new commercial casino industry?
- If the primary objective is economic development, has an independent and comprehensive study been prepared with a focus on what is in the State's best interest?
- What are the legal issues associated with this new commercial gaming industry?
- What are the implications of a new commercial gaming industry on the guaranteed Pequot funds?
- What consideration has been given to the establishment of a new regulatory structure and how much might that structure cost?
- How will this new industry affect current Connecticut Lottery sales and tax revenues?
- Do the tribal compacts need to be amended and, if so, what might the legal and legislative implications be at both the state and federal levels?
- Will the Mashantucket Pequot and Mohegan Tribes waive their sovereign immunity rights if they participate in commercial gaming enterprises?
- How will the State ensure that host communities get the best deal when it appears that MMCT, the developer, is in control of the entire process?

I have spent most of my business life interacting with public officials in jurisdictions all round the world. With last year's Special Act 15-7, I am struck by the fact that it uniquely surrenders all state control to a third party.

- Last year's Special Act cedes the entire site-selection process for a new commercial casino, Connecticut's first, to a single entity controlled by the State's two privileged tribes.
- This year we have witnessed closed-door secret executive sessions of municipal governments and agencies, official support for misleading conclusions from limited-scope studies commissioned by interested parties, and a sham bill that likely will be replaced with different language at the last minute.

This committee has the opportunity to set things right and do the type of proper independent analysis that should have been done last year. Good public policy is rooted in doing the research. Don't just trust special interests – but verify.

By thoroughly studying the issue of expanding casino gaming in Connecticut, you will ensure that the State bases its public policy decisions on the very best information. Too much is at stake in the State to make significant decisions like creating a brand new commercial gaming industry without serious thought and deliberation. You are in a position to ensure that any new casino is the absolute best possible deal for the state and its tax payers.

Thank you for your consideration of this testimony, and I ask for your support of HB 5577. We believe that a full review of the current casino market in Connecticut and the region, combined with analysis of the costs associated with regulation of starting commercial gaming, and any potential issues resulting from sovereign immunity, are critical steps the legislature should take at this time. Connecticut cannot afford to get this wrong.